

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F.DE.15(1156)/PSB/2022/ 738-742

Dated: 24/01/23

Order

WHEREAS, Poorna Prajna Public School (School ID- 1720138) Vasant Kunj, New Delhi-110070 (hereinafter referred to as "the School"), run by the Udupi Sri Admar Mutt Educational Council (hereinafter referred to as the "Society"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "DoE"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "DSEAR, 1973"). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, the manager of every recognized school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'*.

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:



"27....

(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.....

....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/4440-4412 dated 08.06.2022, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for fee increase for the academic session **2022-23**. Accordingly, this order dispenses the proposal for fee increase submitted by the school for the academic session **2022-23**.

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 1st December 2022 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022 issued for academic session 2019-20 were also discussed with the school and school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase and subsequent documents submitted by the school as a result of the personal hearing, were evaluated thoroughly by the team of Chartered Accountants. After evaluation of fee increase proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:



A. Financial Suggestions for Improvement

1. Direction no. 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the School becomes the sole property of the society*".

Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, clause (vii) (c) of Order No. F.DE/15/Act/2K/243/ KKK/883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Rule 177 of DSER, 1973 states "*Income derived by an unaided recognized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that, savings, if any, from the fees collected by such school may be utilized by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognized school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. The aforesaid savings shall be arrived at after providing for the following, namely:*

- a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.*
- b) *The needed expansion of the school or any expenditure of a developmental nature.*
- c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation.*
- d) *Co-curricular activities of the students.*
- e) *Reasonable reserve fund, not being less than ten percent, of such savings.*

Accordingly, based on the aforementioned rule, public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e., fee collected from students is not to be utilised for the same.

The amount of INR 3,97,65,875 spent by the school on construction of school building and laying roads during FY 2014-15 to 2016-17 is not in compliance with the aforesaid provisions and the school was also directed to recover the same from the society vide Directorate's Order no. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

Therefore, the amount of INR 3,97,65,875 is again considered as fund available with the school with the direction to recover this amount from the Society within 30 days from the date of issue of this order.

Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

2. Rule 175 of DSER, 1973 State "all income received by the School is required to be reflected in the accounts with regard to the School Fund or the Recognised Unaided School Fund, as the case may be, clearly exhibiting the income accruing under each head, i.e., fees, fines, income from building rent, interest, development fee, etc.

During the evaluation of fee increase proposal for the academic session 2019-20, it was noted that the school premises had been rented out to Canara Bank and rental income amounted to INR 37,90,944 was received by the Society till FY 2015-16. The same was directed to recover from the society vide order No. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022.

However, during the personal hearing, school has submitted that the same has not been recovered from the society till date. Therefore, the school is again directed to recover INR 37,90,944 from the society and submit the compliance report within 30 days from the date of issue of this order.

3. Rule 177 of DSER, 1973 states "*Income derived by an unaided recognized school by way of fees shall be utilized in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that, savings, if any, from the fees collected by such school may be utilized by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognized school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. The aforesaid savings shall be arrived at after providing for the following, namely:*

- a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.*
- b) *The needed expansion of the school or any expenditure of a developmental nature.*
- c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation.*
- d) *Co-curricular activities of the students.*
- e) *Reasonable reserve fund, not being less than ten percent, of such savings.*

The Directorate in its order no. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022 issued for academic session 2019-20, directed to the school to recover INR 1,27,000 from the Society as this amount has been utilised for providing scholarship to the students during the FY 2016-17 without complying the requirements of the Rule 177 of DSER, 1973. However, this amount is pending for recovery from the Society.

In compliance to the order, School submitted that INR 1,27,000 shown as scholarship was actually cash reward which was paid to meritorious students and was wrongly categorized in the presentation of income and expenditure account. The school has not submitted any documentary evidence to substantiate the same, hence the contention of the school is not tenable. Accordingly, the School is again directed to recover INR 1,27,000 from the Society within 30 days from the date of issue of this

order and this amount has been considered as fund available while calculating the fund position of the School.

4. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."* Further, Para 7.14 defines the Plan Assets as:

- (a) *Assets held by a long-term employee benefit fund; and*
(b) *Qualifying insurance policies.*

And Para 60 of Guidance Note-21 'Accounting by Schools' (2005) issued by the Institute of Chartered Accountants of India states *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service"*.

An appropriate charge to the income and expenditure account for a year should be made through a provision for accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"Plan Assets"* as per AS-15 issued by ICAI.

On review of the audited financial statements for the FY 2021-22, it has been noted that the school has made provision for gratuity amounting to INR 2,56,49,752 and leave encashment amounting to INR 95,36,676 against the liability determined by the actuary amounting to INR 2,64,79,578 and INR 1,00,27,805 respectively. Further, it has been noted that the school has invested an amount of INR 2,62,53,652 and INR 94,11,657 against its liability towards gratuity and leave encashment in plan assets. Therefore, the amount invested by the school in plan assets or provision made by the school, whichever is lower has been considered while calculating the fund position of the school for the FY 2022-23.

In view of the above, the amount of INR 18,00,000 proposed by the school towards gratuity and leave encashment in FY 2022-23 has also been considered while deriving the fund position of the school for FY 2022-23.

5. Clause 14 of DoE's Order No. F.DE./15 (56)/Act/2009/778 dated 11.02.2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."*

Further, para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 states *"Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure,*

the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.”

On review of audited financial statement for the FY 2019-20, it has been noted that the school has incurred an expenditure amounting to INR 5,81,434 on volley ball court out of the development fund which is in contravention of the aforesaid clause.

Additionally, DoE in its order no. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022 issued for academic session 2019-20, directed the school to pass necessary rectification entries of INR 55,66,462 in its books of accounts relating to development fund utilized in contravention of clause 14 of the order dated 11.02.2009. The details of development fund utilized by the school is as follows:

S. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Total
1	Repair and Maintenance	19,55,494	13,94,291	-	-	33,49,785
2	Construction of road*	18,05,952	-	-	-	18,05,952
3	Library Books	81,753	31,472	-	-	1,13,225
4	Volleyball Court	-	-	2,97,500	5,81,434	8,78,934
Total						61,47,896

* For financial impact, refer to financial suggestion no.1.

Therefore, the school is hereby directed to ensure that the development fund is to be utilized only towards purchase, upgradation and replacement of furniture, fixture and equipment and make rectification entries in the development fund account and submit the compliance report within 30 days from the date of issue of this order. Since, the school has maintained balance of INR 1,41,13,179 against development fund in the form of FDR and bank, the same has been considered while deriving the fund position of the school.

6. Clause 3 of the public notice dated 04.05.1997 published in the Times of India states *“No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.”*

Further Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states *“No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.”*

On review of the audited financial statements for the FY 2019-20 to FY 2021-22, it has been noted that the school has been collecting caution money from the students. But only principal amount is

being refunded to the students at the time of his or her leaving from the school which is not in accordance with the clause 18 of the order dated 11.2.2009 and clause 3 of the Public Noted dated 04.05.1997. Thus, school is hereby directed to comply with the above-mentioned provisions with respect to caution money collected from the student. Further, the amount refundable of INR 1,10,500 as on 31.03.2022 as reported in the audited financial statements has been considered while deriving the fund position of the school.

B. Other Suggestions for Improvement

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."*

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 states *"Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."*

Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

Rule 176 states *"Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "Income derived from collections for specific purposes shall be spent only for such purpose."*

Sub-rule 3 of Rule 177 of DSER, 1973 states *"Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students at the concerned school and shall not be included in the savings referred to in sub-rule (2)."* Further, Sub-rule 4 of the said rule states *"The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered."*

Also, earmarked levies collected from students are form of restricted funds, which, according to Guidance Note-21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of Transport Fee, ICT Fee and Insurance Charges from the

students and has maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in the last three financial years are as under:

Particulars	Transport Fees	ICT Fees	Insurance Charges
For the year 2019-20			
Fee Collected during the year (A)	47,69,010	39,60,720	1,86,200
Expenses during the year (B)	45,43,000	43,04,429	2,31,105
Difference for the year (A-B)	2,26,010	(3,43,709)	(44,905)
For the year 2020-21			
Fee Collected during the year (A)	2,920	-	25,280
Expenses during the year (B)	1,25,000	4,17,584	-
Difference for the year (A-B)	(1,22,080)	(4,17,584)	25,280
For the year 2021-22			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	2,80,000	3,85,504	-
Difference for the year (A-B)	(2,80,000)	(3,85,504)	-
Total (Surplus)	(1,76,070)	(11,46,797)	(19,625)

*ICT Fee and Insurance Charges – these fees are collected from all students.

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of ICT Fee and Insurance Charges from all the students loses its character of earmarked levy. Thus, the school is directed not to charge ICT Fee and Insurance Charges, as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

Unintentional surplus/deficit, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

Similar observation was also noted by DoE in its order no. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022, wherein school was directed not to collect ICT fee from the students with immediate effect. However, school has not stopped the collection of ICT fee from the students. Therefore, the school is once again directed not to collect ICT fee and Insurance Charges as mentioned above with immediate effect and submit the compliance report within 30 days from the date of issue of this order.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

- i. The total funds available for the FY 2022-23 amounting to INR 12,90,70,045 out of which cash outflow in the FY 2022-23 is estimated to be INR 13,73,67,101. This results in deficit of INR 82,97,056 for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	1,12,25,761
Investments as on 31.03.22 as per Audited Financial Statements (Refer Note 1 Below)	6,20,45,269
Liquid Funds as on 31.03.2022	7,32,71,030
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	7,04,64,180
Add: Other income for FY 2021-22 as per Audited Financial Statements (Refer Note 3 Below)	35,10,029
Add: Amount recoverable from the society towards construction of building and laying roads (Refer Financial Suggestion No. 1)	3,97,65,875
Add: Amount recoverable towards rental income received by the society (Refer Financial Suggestion No. 2)	37,90,944
Add: Amount recoverable from the society for scholarship paid to students (Refer Financial Suggestion No. 3)	1,27,000
Total Available Funds for FY 2022-23	19,09,29,058
Less: Investment for Gratuity and Leave Encashment (Refer Financial Suggestion No. 4)	3,50,61,409
Less: Development Fund as per Fixed Deposit and Bank balance as on 31.03.2022 (Refer Financial Suggestion No. 5)	1,41,13,179
Less: Caution money as on 31.03.2022 (Refer Other Suggestion No. 1)	1,10,500
Less: FDR in the joint name of School Manager and CBSE as on 31.03.2022 (Refer Note 4 Below)	3,67,789
Less: FDR in the joint name of School Manager and DoE as on 31.03.2022 against salary reserve fund (Refer Note 4 Below)	1,22,06,136
Net Available Funds for FY 2022-23 - (A)	12,90,70,045
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	10,42,16,095
Less: Salary arrears on account of implementation of 7th CPC INR 6,46,94,461 minus amount of INR 3,15,43,455 already allowed to the school in DoE order no. F.DE.15(662)/PSB/2022/4030-4034 dated 03.06.2022 issued for FY 2019-20)	3,31,51,006
Total Estimated Expenditure for FY 2022-23 - (B)	13,73,67,101
Net Deficit (A-B)	82,97,056

Note 1: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
Investment with LIC Group Gratuity Policy	2,62,53,652	These figures have been considered while calculating the fund position of the school
Investment with LIC Group Leave Encashment Policy	94,11,657	

Particulars	Amount (in INR)	Remarks
Fixed Deposit (CBSE mandate Fund)	3,67,789	
Fixed Deposit (Development Fund)	1,38,06,036	
Fixed Deposit on joint name with DoE (Salary Reserve Fund)	1,22,06,136	
Total	6,20,45,269	

Note 2: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

- (i) *“to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of unutilized facilities by the students during the relevant period of academic year 2020-21”*. And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.
- (ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

On review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 85% of the tuition fees, annual charges and development fees in its audited financial statements of FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee, annual charges and development fees has been grossed up to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per AFS of FY 2021-22	Income Considered in the Above Table	Remarks
Tuition Fee	4,23,39,508	5,10,65,640	Gross Fee has been considered as per the reconciliation provided by the school for the FY 2021-22 to derive the Income for the FY 2022-23.
Annual Charges	1,06,57,639	63,84,480	
Development Fees	78,71,271	76,62,810	
Total	6,08,68,418	6,51,12,930	

Note 3: All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23 except depreciation deferred income amounting to INR 14,64,408 being non-cash item.

Note 4: As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.

The school has made provision for 3 month's salary reserve of INR 1,22,06,136 as on 31.03.2022 and has earmarked equivalent investment in the joint name of the Dy. Director and Manager of the school. Hence, the same has been considered while calculating the fund position of the school.

Further, the school has proposed provision of salary reserve for the FY 2022-23 amounting to INR 44,75,564 and the same has been considered while calculating the fund position of the school.

Note 5: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	Actual Expenditure in FY 2021-22	Budgeted Expenditure in FY 2022-23	Amount Disallowed	Remarks
Salaries to Teaching and Non- Teaching Staff	4,81,39,101	8,10,78,800	1,84,97,969	Expenditure proposed by the school has been restricted to 130% of the actual expenditure incurred in FY 2021-22 while calculating the fund position of the school for FY 2022-23.
Total	4,81,39,101	8,10,78,800	1,84,97,969	

ii. In view of the above examination, it is evident that the school does not have surplus fund to meet its budgeted expenditure for the academic session 2022-23 at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 states:

"All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial and other suggestions that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA,

1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that funds are not available with the school for meeting financial implication for the academic session 2022-23.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 12% to be effective from 01 Oct 2022.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other suggestions noted during the above evaluation process and submit the compliance status within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee increase for the academic session 2022-23 of **Poorna Prajna Public School (School ID- 1720138) Vasant Kunj, New Delhi- 110070**, is hereby accepted by the Director (Education) and the school is allowed to increase its fee by 12% to be effective from 01 Oct 2022.

Further, the management of said school is hereby directed under section 24(3) of DSEA 1973 to comply with the following directions:

1. To increase the fee only by the prescribed percentage from the specified date.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Poorna Prajna Public School (School ID- 1720138)
Vasant Kunj, New Delhi- 110070

No. F.DE.15 (1156)/PSB/2022 /738-742

Dated: 24/01/23

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (South West A) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

Nandini
(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi